

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Saudi Arabia**

## **Barley Trade Quarterly**

## **First Quarter 2011**

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**Report Highlights:**

During the first quarter (January-March) of 2011, Saudi Arabia imported 429,000 metric tons of barley which was a sharp decline compared to 1,127 thousand metric tons during the same period in 2010.

**Post:**  
Riyadh

**Author Defined:**

### **First Quarter 2011 Saudi Arabia's Barley Imports**

Domestic barley importers told ATO Riyadh that they imported 429,000 metric tons of barley during the first quarter (January-March) of 2011 which was a sharp decline compared to 1,127 thousand metric tons during the same period in 2010 and as it is shown in tables I and II below.

The Saudi Ministry of Commerce and Industry (MOCI) circular which was issued in November 30, 2010 announced that as of December 4, 2010 barley importers should obtain a written approval from the Ministry of Finance (MOF) prior to opening letters of credit for barley imports. According to the circular of MOCI, importers who do not obtain a prior written approval, will not qualify for the government barley import subsidy of \$53.33 per metric ton. According to trade contacts, the MOF has not approved Saudi barley importers requests for written approval to import barley since December 4, 2010.

On April 27, 2011, several domestic newspapers indicated that the Saudi MOF has recently imported 800,000 metric tons of barley using a domestic company named Saudi Grain and Fodder Company. The MOF has been reportedly negotiating with major former barley importers to make use of their country wide distribution networks to distribute the 800,000 metric tons of barley which has recent been imported. MOF official has reported to major domestic newspapers that the MOF has already purchased 1.2 million metric tons of barley that will arrive in Saudi ports in May 2011.

In the past, domestic barley importers were not required to obtain an advance approval from the MOF to qualify for the government barley import subsidy. MOF paid the barley importers the \$53.33 subsidy for each metric ton of barley imported and sold after receiving documents such as sales invoices, certificate of origin, and commercial invoices. The recent change in the Saudi policy for barley import has drastic reduced domestic barley supply which caused a sharp increase in barley retail price from \$10.67 to \$17.33 for 50 kg of barley which is 63 percent above government established retail price (Tables I and II).

<b>Table I. January-March 2011 Saudi Arabia's Barley Imports</b>								
<b>---000 metric tons---</b>								
Month	Australia	Holland	Canada	Germany	Argentina	France	Russia	Total
Jan	0	61	60	0	0	40	0	161
Feb	0	0	0	0	0	0	0	0
Mar	147	0	0	59	53	0	9	268
<b>Total</b>	<b>147</b>	<b>61</b>	<b>60</b>	<b>59</b>	<b>53</b>	<b>40</b>	<b>9</b>	<b>429</b>

<b>Table II. January-March 2010 Saudi Arabia's Barley Imports</b>					
<b>---000 metric tons---</b>					
Month	Ukraine	Australia	Russia	Turkey	Total
Jan	307	51	35	16	409
Feb	40	0	24	52	116
Mar	335	168	96	52	651
<b>Total</b>	<b>682</b>	<b>219</b>	<b>155</b>	<b>120</b>	<b>1,176</b>